

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6981

BILL NUMBER: SB 430

NOTE PREPARED: Jan 3, 2009

BILL AMENDED:

SUBJECT: Disabled Veteran Deduction.

FIRST AUTHOR: Sen. Hume

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides a \$1,000 individual income tax deduction for certain disabled veterans.

Effective Date: January 1, 2009 (retroactive).

Explanation of State Expenditures: The Department of State Revenue will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the new tax deduction. The Department's current level of resources should be sufficient to implement this change.

Explanation of State Revenues: *Summary* - This bill could potentially reduce revenue to the state General Fund by \$1.7 M beginning in FY 2010.

Background Information - This bill provides for an Adjusted Gross Income (AGI) tax deduction equal to \$1,000 for qualified disabled veterans beginning in tax year 2009. According to the Indiana Department of Veterans' Affairs, 52,000 veterans and survivors collect disability compensation or pension payments.

Explanation of Local Expenditures:

Explanation of Local Revenues: Because the new deduction for disabled veterans will serve to decrease taxable income, counties imposing local option income taxes could potentially experience a decrease in revenue from these taxes.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: Counties with local option income taxes.

Information Sources: Indiana Department of Veterans' Affairs, <http://www.in.gov/dva/>.

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